

**Introduced by Senator Vargas**

February 23, 2012

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An act to amend Section 1810 of the Insurance Code, relating to bail agent licenses.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 1265, as introduced, Vargas. Bail agent licenses: qualifications.

Existing law requires a license from the Insurance Commissioner for advertising or holding oneself out as engaging in the business of executing, delivering, or furnishing bail bonds or undertakings of bail whether or not for consideration. A license may be held by a corporation if certain requirements are met, including, but not limited to, that 100% of the shares of the corporation are held by licensed bail agents, and all shareholders, officers, and directors of the corporation are licensed bail agents. A violation of any of these provisions is a crime.

This bill would authorize a limited liability company (LLC) to be a licensee subject to the same requirements as corporations. The bill would also exempt a corporation or an LLC from the requirements that 100% of the shares of the corporation or membership interest in the LLC be held by licensed bail agents, and all shareholders, officers, and directors of the corporation or members of the LLC be licensed bail agents, if the corporation or LLC is an admitted surety insurer or a subsidiary of an admitted surety insurer. Because a violation of the bill's provisions by an LLC would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 1810 of the Insurance Code is amended  
2 to read:

3 1810. (a) Natural persons ~~can~~ *may* be licensed under this  
4 chapter.

5 (b) A license may be held by a corporation *or a limited liability*  
6 *company (LLC)*, in which case all of the following requirements  
7 shall be met:

8 (1) The application shall set forth the names of all officers and  
9 employees of the licensee who will be authorized to exercise the  
10 powers of the licensee under this chapter. Each of those persons  
11 shall be required to meet the requirements for licensure under this  
12 chapter, and disciplinary action may be taken against any of those  
13 persons, and the licensee, if any of those persons does any act that  
14 would be grounds for disciplinary action against a licensee.

15 (2) The corporation *or LLC* may solicit or negotiate the  
16 execution or delivery of bail on behalf of surety insurers only  
17 through natural persons who hold individual licenses as bail agents.

18 (3) One hundred percent of the shares of the corporation *or*  
19 *membership interest in the LLC* shall be held by licensed bail  
20 agents, *unless the corporation or LLC is an admitted surety insurer*  
21 *or is a subsidiary of an admitted surety insurer.*

22 (4) All shareholders, officers, and directors of the corporation  
23 *or members of the LLC* shall be licensed bail agents, and shall be  
24 disclosed to the department, *unless the corporation or LLC is an*  
25 *admitted surety insurer or is a subsidiary of an admitted surety*  
26 *insurer.*

27 (5) Any sale or transfer of stock or other interest in the  
28 corporation *or sale or transfer of any membership or other interest*  
29 *in the LLC* shall require the prior approval of the department. The  
30 department shall approve or disapprove a request for approval  
31 within 60 days of receiving the completed request.

32 SEC. 2. No reimbursement is required by this act pursuant to  
33 Section 6 of Article XIII B of the California Constitution because

1 the only costs that may be incurred by a local agency or school  
2 district will be incurred because this act creates a new crime or  
3 infraction, eliminates a crime or infraction, or changes the penalty  
4 for a crime or infraction, within the meaning of Section 17556 of  
5 the Government Code, or changes the definition of a crime within  
6 the meaning of Section 6 of Article XIII B of the California  
7 Constitution.

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